

City of Lowell, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF LOWELL, ARKANSAS
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Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Independent Auditor's Report

City of Lowell, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Lowell, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; the Statement of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended; and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Lowell, Arkansas as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Lowell, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City would have included other funds under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, these funds are not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink, appearing to read "Kevin White", with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 18, 2025
LOM110523

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

City of Lowell, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Lowell, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated June 18, 2025. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

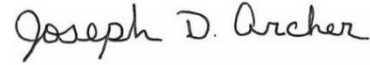
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also reported to management of the City in a separate letter dated June 18, 2025.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink that reads "Joseph D. Archer". The signature is written in a cursive, flowing style.

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 18, 2025

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

City of Lowell, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

The commentary contained in this letter relates to the following officials who held office during 2023:

Mayor: Chris Moore
Clerk/Treasurer: Elizabeth Estes
District Court Clerk: Johnna Clayton
Police Chief: Tim Kuth

No issues came to our attention that we considered necessary to report to management.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the City Council (or local governing body) and City management, and other parties as required by Arkansas Code and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 18, 2025

CITY OF LOWELL, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 23,559,955	\$ 8,746,015	\$ 7,543,592
Accounts receivable	852,688	173,995	6,507
TOTAL ASSETS	<u>\$ 24,412,643</u>	<u>\$ 8,920,010</u>	<u>\$ 7,550,099</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 278,103	\$ 186,973	\$ 25,218
Settlements pending			151,906
Total Liabilities	<u>278,103</u>	<u>186,973</u>	<u>177,124</u>
Fund Balances:			
Restricted	601,644	8,733,037	7,177,534
Committed	1,000,000		
Assigned	3,895,701		195,441
Unassigned	18,637,195		
Total Fund Balances	<u>24,134,540</u>	<u>8,733,037</u>	<u>7,372,975</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,412,643</u>	<u>\$ 8,920,010</u>	<u>\$ 7,550,099</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LOWELL, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 462,852	\$ 829,984	\$ 30,259
Federal aid	37,315		
Property taxes	986,233	185,772	1,545,902
Franchise fees	649,806		
Sales taxes	9,007,293	1,973,357	
Fines, forfeitures, and costs	754,415		80,403
Interest	182,378	130,237	185,398
Local permits and fees	1,988,332	183,250	193,548
Advertising and promotion taxes			701
Fire association dues	16,961		
Fire response/runs	35,000		
Employee contributions			205,776
Private grants	644,695		
Ambulance fees	175,633		
Sales tax - alcohol	10,777		
Other	144,121	144,490	1,000
TOTAL REVENUES	15,095,811	3,447,090	2,242,987
EXPENDITURES			
Current:			
General government	1,858,851		
Law enforcement	3,366,019		271,827
Highways and streets		3,275,812	1,203,254
Public safety	1,762,893		1,085,777
Recreation and culture	1,322,335		641,165
Social services	7,917		
Advertising and promotion			3,485
Wastewater	942,772		
Total Current	9,260,787	3,275,812	3,205,508
Debt Service:			
Bond principal			185,000
Bond interest and other charges			113,041
TOTAL EXPENDITURES	9,260,787	3,275,812	3,503,549

CITY OF LOWELL, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 5,835,024</u>	<u>\$ 171,278</u>	<u>\$ (1,260,562)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,404,582	251,200	
Transfers out	<u>(251,200)</u>	<u></u>	<u>(1,404,582)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,153,382</u>	<u>251,200</u>	<u>(1,404,582)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	6,988,406	422,478	(2,665,144)
FUND BALANCES - JANUARY 1	<u>17,146,134</u>	<u>8,310,559</u>	<u>10,038,119</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 24,134,540</u></u>	<u><u>\$ 8,733,037</u></u>	<u><u>\$ 7,372,975</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LOWELL, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 1,020,000	\$ 462,852	\$ (557,148)	\$ 675,000	\$ 829,984	\$ 154,984
Federal aid	1,500	37,315	35,815			
Property taxes		986,233	986,233		185,772	185,772
Franchise fees	600,000	649,806	49,806			
Sales taxes	8,760,000	9,007,293	247,293	1,785,000	1,973,357	188,357
Fines, forfeitures, and costs	517,000	754,415	237,415			
Interest	19,800	182,378	162,578	15,200	130,237	115,037
Local permits and fees	445,500	1,988,332	1,542,832		183,250	183,250
Fire association dues	10,000	16,961	6,961			
Fire response/runs	45,000	35,000	(10,000)			
Private grants	45,000	644,695	599,695			
Ambulance fees	155,000	175,633	20,633			
Sales tax - alcohol	10,000	10,777	777			
Other	167,432	144,121	(23,311)	589,486	144,490	(444,996)
TOTAL REVENUES	11,796,232	15,095,811	3,299,579	3,064,686	3,447,090	382,404
EXPENDITURES						
Current:						
General government	3,630,856	1,858,851	1,772,005			
Law enforcement	3,677,136	3,366,019	311,117			
Highways and streets				3,324,686	3,275,812	48,874
Public safety	3,778,592	1,762,893	2,015,699			
Recreation and culture	1,373,502	1,322,335	51,167			
Social services	9,000	7,917	1,083			
Wastewater		942,772	(942,772)			
TOTAL EXPENDITURES	12,469,086	9,260,787	3,208,299	3,324,686	3,275,812	48,874

CITY OF LOWELL, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (672,854)	\$ 5,835,024	\$ 6,507,878	\$ (260,000)	\$ 171,278	\$ 431,278
OTHER FINANCING SOURCES (USES)						
Transfers in	113,000	1,404,582	1,291,582	10,000	251,200	241,200
Transfers out	(1,854,826)	(251,200)	1,603,626			
TOTAL OTHER FINANCING SOURCES (USES)	(1,741,826)	1,153,382	2,895,208	10,000	251,200	241,200
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,414,680)	6,988,406	9,403,086	(250,000)	422,478	672,478
FUND BALANCES - JANUARY 1		17,146,134	17,146,134		8,310,559	8,310,559
FUND BALANCES - DECEMBER 31	\$ (2,414,680)	\$ 24,134,540	\$ 26,549,220	\$ (250,000)	\$ 8,733,037	\$ 8,983,037

The accompanying notes are an integral part of these financial statements.

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Lowell was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The reporting entity includes all funds of the City. Under accounting principles generally accepted in the United States of America (GAAP) as established by the *Government Accounting Standards Board*, the following funds of the City would have been included in the reporting entity: Sewer System Trust, Rogers Sewer, and Lowell Utilities. However, under Arkansas's regulatory basis described below, inclusion of these funds is not required and these funds are not included in this report.

B. Basis of Presentation – Regulatory

The financial statements are presented in accordance with the regulatory basis of presentation as prescribed or permitted by Ark. Code Ann. § 10-4-412. The law requires that the financial statements be presented on a fund basis with, as a minimum, the general fund and street fund presented separately with all other funds included in the financial statements presented in the aggregate. This law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general and street funds; notes to financial statements; and a supplemental schedule of capital assets.

The regulatory basis of presentation is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide and fund financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, specific procedures for the identification of major governmental funds, and applicable note disclosures. The regulatory basis of presentation does not require government-wide financial statements or the previously identified concepts.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds are recognized in the accompanying regulatory basis financial statements.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Street Fund - The Street Fund (Special Revenue Fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Street Fund accounts for and reports the proceeds of state highway turnback, property taxes, sales taxes, interest, local permits and fees and other revenues that are restricted or committed for maintaining and constructing highways and streets.

Other Funds in the Aggregate - Other Funds in the Aggregate consist of all funds included in the financial statements except for the General and Street Funds. The following types of funds are included in this column as follows:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedules 1 and 2 for the Debt Service Fund as reported with other funds in the aggregate.

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for the Custodial Funds as reported with other funds in the aggregate.

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand, savings, and money market accounts.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, and Education Act 474 monies that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances (Continued)

Fund Balance Classifications (Continued)

3. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

F. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

G. Fund Balance Classification Policies and Procedures

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Fund Balance Classification Policies and Procedures (Continued)

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

NOTE 2: Cash Deposits with Financial Institutions

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 3,200,098	\$ 3,200,098
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	33,760,315	34,045,292
Uninsured and uncollateralized	<u>2,887,858</u>	<u>2,887,858</u>
Total Deposits	<u>\$ 39,848,271</u>	<u>\$ 40,133,248</u>

The above total deposits do not include cash on hand of \$1,291.

The City's bank account balance totaling \$2,105,460 with Grand Savings Bank, included in Insured (FDIC), is swept daily to a number of banks in which all cash deposits in the bank are insured.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2023, the City had deposits of \$2,887,858 not covered by FDIC insurance or collateralized. These deposits were in money market accounts consisting of Federated Treasury Obligations.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in eligible investment securities having a maturity of not longer than 5 years from the date of acquisition unless, as documented at the time of acquisition, the investment is to fund or support a specific purpose and there are no expectations that the investment will be sold before maturity; an Arkansas bank certificate of deposit; an account established by a local government joint investment trust; or an Arkansas financial institution repurchase agreement for eligible investment securities in which the seller agrees to repurchase the investment at a price including interest earned during the holding period as determined by the repurchase agreement.

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid	\$ 3,736		
Sales taxes	789,826	\$ 173,995	
Fines, forfeitures, and costs	59,126		\$ 6,507
Totals	<u>\$ 852,688</u>	<u>\$ 173,995</u>	<u>\$ 6,507</u>

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 278,103</u>	<u>\$ 186,973</u>	<u>\$ 25,218</u>

NOTE 6: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2023, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement			\$ 193,877
Highways and streets		\$ 8,733,037	
Public safety			785,640
Recreation and culture	\$ 601,644		
Capital outlay			5,764,781
Debt service			433,236
Total Restricted	<u>601,644</u>	<u>8,733,037</u>	<u>7,177,534</u>
Committed for:			
General government	<u>1,000,000</u>		
Assigned to:			
Law enforcement	29,860		195,441
Public safety	246,107		
Social services	4,367		
Capital outlay	<u>3,615,367</u>		
Total Assigned	<u>3,895,701</u>		<u>195,441</u>
Unassigned	<u>18,637,195</u>		
Totals	<u>\$ 24,134,540</u>	<u>\$ 8,733,037</u>	<u>\$ 7,372,975</u>

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$59,342,317. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2023, the legal debt limit for short-term financing obligations was \$15,227,984. There were no short-term financing obligations.

NOTE 8: Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	\$ 5,888,281
Construction contracts	1,421,240
	<hr/>
Total Commitments	\$ 7,309,521
	<hr/>

Long-term liabilities

Long-term liabilities at December 31, 2023, are comprised of the following:

	December 31, 2023
<u>Bonds</u>	
Lowell Ordinance No. 1072 approved the issuance of the City of Lowell, Arkansas - Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, dated August 24, 2021, in the amount of \$5,535,000, due in annual installments of \$70,000 - \$290,000 plus interest through June 1, 2046, bearing interest at 1.125% - 2.5% per annum. Payments are to be made from the Debt Service Fund.	\$ 5,280,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	608,281
	<hr/>
Total Long-term liabilities	\$ 5,888,281
	<hr/>

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

The City's outstanding bonds payable of \$5,280,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8: Commitments (Continued)

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Bonds</u>					
8/24/21	6/1/46	1.125-2.5%	<u>\$ 5,535,000</u>	<u>\$ 5,280,000</u>	<u>\$ 255,000</u>

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	<u>\$ 5,465,000</u>	<u>\$ 0</u>	<u>\$ 185,000</u>	<u>\$ 5,280,000</u>

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2024	\$ 185,000	\$ 106,641	\$ 291,641
2025	190,000	102,891	292,891
2026	195,000	99,041	294,041
2027	195,000	95,994	290,994
2028	200,000	93,648	293,648
2029 through 2033	1,040,000	423,690	1,463,690
2034 through 2038	1,150,000	319,506	1,469,506
2039 through 2043	1,280,000	184,288	1,464,288
2044 through 2046	<u>845,000</u>	<u>32,063</u>	<u>877,063</u>
Totals	<u>\$ 5,280,000</u>	<u>\$ 1,457,762</u>	<u>\$ 6,737,762</u>

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2023:

Project Name	Completed or Estimated Completion	Contract Balance December 31, 2023
Puppy Creek Bridge	November 2024	\$ 268,681
Lowell Sewer Improvements	June 2026	65,002
Concord Street Improvements	December 2026	642,000
Honeysuckle St Sidewalk	December 2026	60,265
Razorback Greenway Tunnel	December 2027	<u>385,292</u>
Total Construction Contracts		<u>\$ 1,421,240</u>

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9: Interfund Transfers

The General Fund transferred \$251,200 to the Street Fund for operations. Other Funds in the Aggregate transferred to the General Fund, \$407,442 to close the Advertising and Promotion Fund and \$997,140 for prior year capital expenditures.

NOTE 10: Pledged Revenues

The City pledged future franchise fees to repay \$5,535,000 in bonds that were issued in 2021 to provide funding for sewer and park and recreational improvements and to refund in advance 2010 bonds issued November 1, 2010. Total principal and interest remaining on the bonds are \$5,280,000 and \$1,457,762, respectively, payable through June 1, 2046. For 2023, principal and interest paid were \$185,000 and \$110,341, respectively.

The City collected \$649,806 in franchise fees in 2023. Any franchise fees collected in excess of debt service payments on these bonds is permitted to be used for any lawful purposes.

NOTE 11: Jointly Governed Organization

Benton County and the cities of Benton County entered into an inter-local agreement, pursuant to Ark. Code Ann. § 8-6-723, creating the Benton County Solid Waste District (BCSWD). The BCSWD was established in an effort to adequately, reliably, and economically dispose of the Cities' and County's solid waste. Payments totaling \$8,609 were made to the BCSWD during 2023 and future funding is to be at the rate of \$1.00 per capita of the City. Financial statements may be obtained at: Benton County Solid Waste District, 5702 Brookside Road, Bentonville, Arkansas 72712.

NOTE 12: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in a public entity risk pool. The amount of settlements, if any, has not exceeded the insurance coverage for each of the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

Workers' Compensation - This program provides statutory benefits for losses incurred by municipal officials, employees, and volunteer fire fighters while performing work for the municipality. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission.

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed, or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

The City participates in the Arkansas Public Entities Risk Management Association (APERMA) public entity risk pool for coverage in the following areas:

Building and Contents Program - This program is a blanket policy with coverage up to \$100,000,000 for any one loss with a \$500 deductible. Even though the APERMA property program limits are blanket, the City's property limits are tied back to the insurance statement of values. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city property.

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12: Risk Management (Continued)

Vehicle Program

- A. Liability - This program may pay all sums the City legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered city vehicle and for which the City is liable. The limit of payment for in-state claims is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident and \$25,000 for property damage per accident (\$100,000 respectively for out-of-state claims). The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for covered city vehicles owned or leased by the City.
- B. Physical Damage - This program covers vehicles and mobile equipment which are the property of the participating city. Property is valued at the cost to repair or replace the property after deduction for depreciation. Loss amounts will be reduced by the deductible amount of \$1,000 for Police Department vehicles and \$500 for all other covered vehicles and mobile equipment. The City agrees to pay into the program each year a service charge established annually by the Risk Management Fund Board for covered property.

General Liability Program - The program shall provide legal defense in civil rights suits against the city government of a participating city and pay judgments imposed on City officials and employees and the city government and city-formed boards and commissions. Coverage is limited to \$350,000 per case with an annual aggregate of \$350,000. The City shall pay into the program each year a charge established annually by the Risk Management Fund Board for this coverage.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$2,500 deductible per occurrence.

**NOTE 13: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3rd, Suite 200, Little Rock, Arkansas 72201, by calling 1-866-859-1745, or on their website www.lopfi-prb.com.

Funding Policy

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates required by state law are:

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

CITY OF LOWELL, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 13: Local Police and Fire Retirement System (LOPFI) (Continued)
(A Defined Benefit Pension Plan)**

Funding Policy (Continued)

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$743,150 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$280,446 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$6,741,212.

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$235,418.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$ 2,020,442.

CITY OF LOWELL, ARKANSAS
COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
REGULATORY BASIS
DECEMBER 31, 2023

Schedule 1

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS	
	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training (Act 833)	District Court Automation	Fire Impact Fee	Equitable Sharing	Tax Increment Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021
ASSETS							
Cash and cash equivalents	\$ 191,129	\$ 111,704	\$ 199,860	\$ 673,936	\$ 34	\$ 3,153,000	\$ 2,628,787
Accounts receivable	4,312		2,195				
TOTAL ASSETS	<u>\$ 195,441</u>	<u>\$ 111,704</u>	<u>\$ 202,055</u>	<u>\$ 673,936</u>	<u>\$ 34</u>	<u>\$ 3,153,000</u>	<u>\$ 2,628,787</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable			\$ 8,212			\$ 17,006	
Settlements pending							
Total Liabilities			<u>8,212</u>			<u>17,006</u>	
Fund Balances:							
Restricted		\$ 111,704	193,843	\$ 673,936	\$ 34	3,135,994	\$ 2,628,787
Assigned	<u>\$ 195,441</u>						
Total Fund Balances	<u>195,441</u>	<u>111,704</u>	<u>193,843</u>	<u>673,936</u>	<u>34</u>	<u>3,135,994</u>	<u>2,628,787</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 195,441</u>	<u>\$ 111,704</u>	<u>\$ 202,055</u>	<u>\$ 673,936</u>	<u>\$ 34</u>	<u>\$ 3,153,000</u>	<u>\$ 2,628,787</u>

CITY OF LOWELL, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	DEBT SERVICE FUND	CUSTODIAL FUNDS		
	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	City Court	Education (Act 474)	Totals
ASSETS				
Cash and cash equivalents	\$ 433,236	\$ 150,935	\$ 971	\$ 7,543,592
Accounts receivable				6,507
TOTAL ASSETS	<u>\$ 433,236</u>	<u>\$ 150,935</u>	<u>\$ 971</u>	<u>\$ 7,550,099</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				\$ 25,218
Settlements pending		\$ 150,935	\$ 971	151,906
Total Liabilities		<u>150,935</u>	<u>971</u>	<u>177,124</u>
Fund Balances:				
Restricted	\$ 433,236			7,177,534
Assigned				195,441
Total Fund Balances	<u>433,236</u>			<u>7,372,975</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 433,236</u>	<u>\$ 150,935</u>	<u>\$ 971</u>	<u>\$ 7,550,099</u>

CITY OF LOWELL, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	SPECIAL REVENUE FUNDS					
	Advertising and Promotion	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training (Act 833)	District Court Automation	Fire Impact Fee	American Rescue Plan Act
REVENUES						
State aid			\$ 30,259			
Property taxes		\$ 429,255				
Fines, forfeitures, and costs		54,695		\$ 25,708		
Interest	\$ 981	2,515	234	3,203	\$ 9,361	
Local permits and fees					193,548	
Advertising and promotion taxes	701					
Employee contributions		205,776				
Other	1,000					
TOTAL REVENUES	2,682	692,241	30,493	28,911	202,909	
EXPENDITURES						
Current:						
Law enforcement		253,382		18,445		
Highways and streets						
Public safety		510,319				\$ 575,458
Recreation and culture						
Advertising and promotion	3,485					
Total Current	3,485	763,701		18,445		575,458
Debt Service:						
Bond principal						
Bond interest and other charges						
TOTAL EXPENDITURES	3,485	763,701		18,445		575,458
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(803)	(71,460)	30,493	10,466	202,909	(575,458)
OTHER FINANCING SOURCES (USES)						
Transfers out	(407,442)					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(408,245)	(71,460)	30,493	10,466	202,909	(575,458)
FUND BALANCES - JANUARY 1	408,245	266,901	81,211	183,377	471,027	\$ 34 575,458
FUND BALANCES - DECEMBER 31	\$ 0	\$ 195,441	\$ 111,704	\$ 193,843	\$ 673,936	\$ 34 \$ 0

CITY OF LOWELL, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUND	
	Tax Increment Financing (TIF) Improvement Bonds	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Totals
REVENUES				
State aid				\$ 30,259
Property taxes	\$ 1,116,647			1,545,902
Fines, forfeitures, and costs				80,403
Interest		\$ 143,575	\$ 25,529	185,398
Local permits and fees				193,548
Advertising and promotion taxes				701
Employee contributions				205,776
Other				1,000
TOTAL REVENUES	1,116,647	143,575	25,529	2,242,987
EXPENDITURES				
Current:				
Law enforcement				271,827
Highways and streets	1,203,254			1,203,254
Public safety				1,085,777
Recreation and culture		641,165		641,165
Advertising and promotion				3,485
Total Current	1,203,254	641,165		3,205,508
Debt Service:				
Bond principal			185,000	185,000
Bond interest and other charges			113,041	113,041
TOTAL EXPENDITURES	1,203,254	641,165	298,041	3,503,549
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(86,607)	(497,590)	(272,512)	(1,260,562)
OTHER FINANCING SOURCES (USES)				
Transfers out		(997,140)		(1,404,582)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(86,607)	(1,494,730)	(272,512)	(2,665,144)
FUND BALANCES - JANUARY 1	3,222,601	4,123,517	705,748	10,038,119
FUND BALANCES - DECEMBER 31	\$ 3,135,994	\$ 2,628,787	\$ 433,236	\$ 7,372,975

CITY OF LOWELL, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Fire Impact Fee	Ark. Code Ann. § 14-56-103 and Lowell Ordinance no.719 (August 16, 2005) established a Fire Impact Fee to be used to help implement the Lowell Comprehensive Plan and the city's community facility plans for Fire/EMS facilities.
Equitable Sharing	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Tax Increment Financing (TIF) Improvement Bonds	Lowell Ordinance No. 795 (July 24, 2007) authorized the issuance and sale of Tax Increment Improvement Bonds for the acquisition, construction and equipping of various projects throughout the Redevelopment District.
Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Lowell Ordinance No. 1072 (February 16, 2021) authorized the issuance and sale of Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, to acquire, construct and equip sewer improvements and park and recreational improvements.

CITY OF LOWELL, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Capital Improvement Refunding and Construction Revenue Bonds Series 2021	Lowell Ordinance No. 1072 (February 16, 2021) authorized the issuance and sale of Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, to refund Capital Improvement Refunding Revenue Bonds, Series 2010, fund a debt service reserve, and acquire, construct and equip sewer improvements and park and recreational improvements and pledged a portion of the franchise fees for the repayment of the bonds.
City Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
Education (Act 474)	Act 474 of 1999 provided for a charge of \$.50 per \$1,000 from building permits for a craft training program to promote a coordinated effort between construction, vocational and technical schools.

CITY OF LOWELL, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2023
(Unaudited)

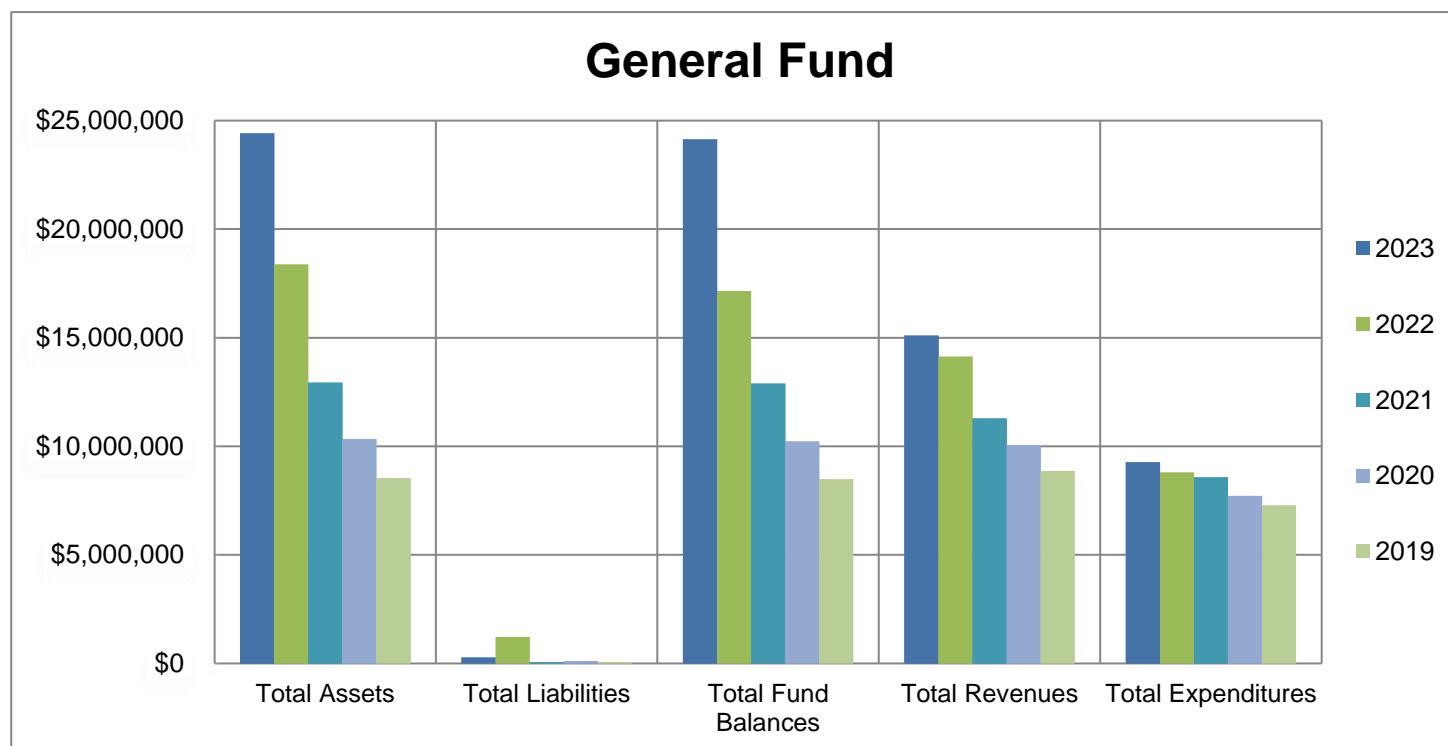
Schedule 3

	December 31, 2023
Land	\$ 3,285,160
Buildings and Improvements	7,175,203
Equipment	<u>8,941,227</u>
Total	<u><u>\$ 19,401,590</u></u>

CITY OF LOWELL, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
DECEMBER 31, 2023
(Unaudited)

Schedule 4-1

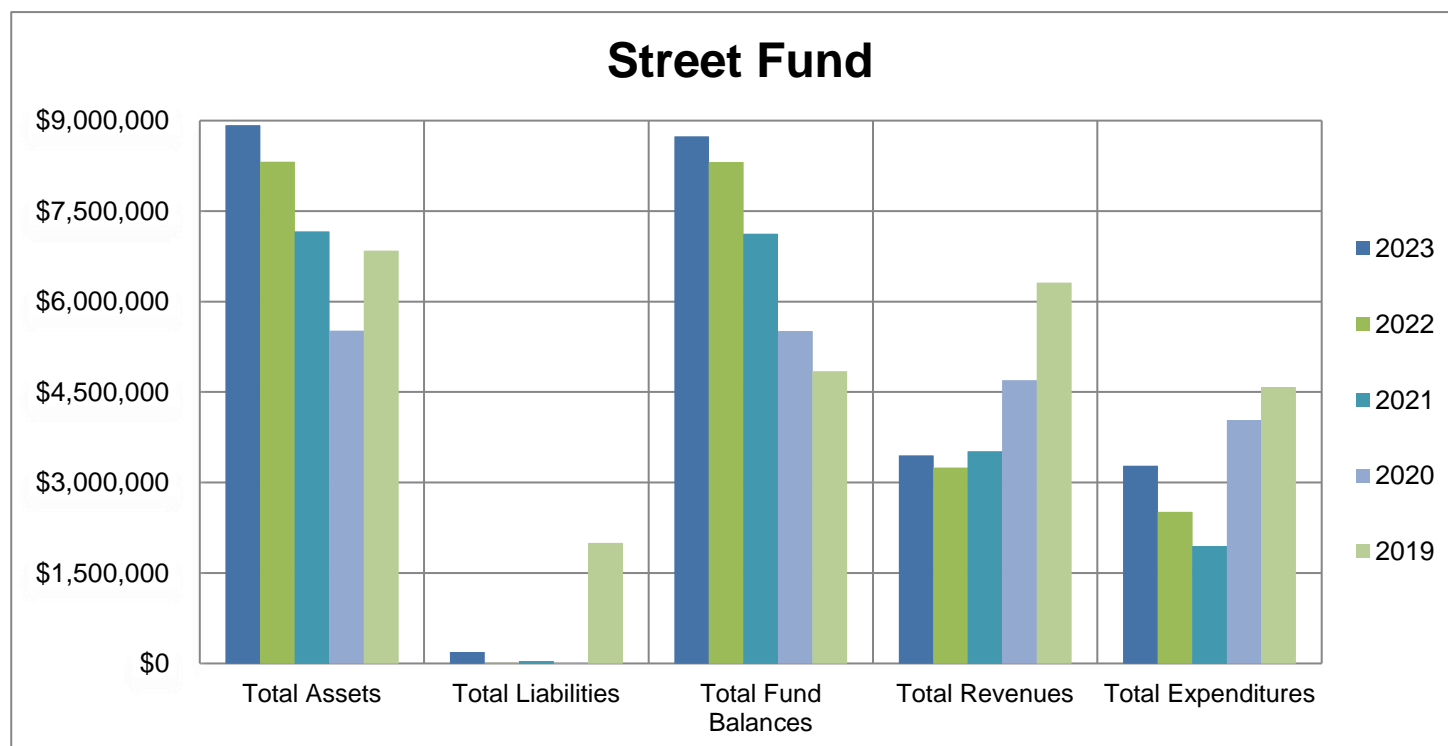
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 24,412,643	\$ 18,366,562	\$ 12,932,567	\$ 10,334,587	\$ 8,528,852
Total Liabilities	278,103	1,220,428	47,985	108,709	52,239
Total Fund Balances	24,134,540	17,146,134	12,884,582	10,225,878	8,476,613
Total Revenues	15,095,811	14,122,605	11,284,615	10,061,231	8,862,055
Total Expenditures	9,260,787	8,788,380	8,567,713	7,714,114	7,279,577
Total Other Financing Sources/Uses	1,153,382	(1,072,673)	(58,198)	(597,852)	(461,598)



CITY OF LOWELL, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
DECEMBER 31, 2023
(Unaudited)

Schedule 4-2

Street	2023	2022	2021	2020	2019
Total Assets	\$ 8,920,010	\$ 8,317,367	\$ 7,159,723	\$ 5,516,771	\$ 6,839,167
Total Liabilities	186,973	6,808	38,148	7,416	1,999,260
Total Fund Balances	8,733,037	8,310,559	7,121,575	5,509,355	4,839,907
Total Revenues	3,447,090	3,242,217	3,516,855	4,692,984	6,313,097
Total Expenditures	3,275,812	2,513,233	1,944,635	4,033,536	4,581,373
Total Other Financing Sources/Uses	251,200	460,000	40,000	10,000	104,298



CITY OF LOWELL, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
DECEMBER 31, 2023
(Unaudited)

Schedule 4-3

Other Funds in the Aggregate	2023	2022	2021	2020	2019
Total Assets	\$ 7,550,099	\$ 10,120,720	\$ 9,184,433	\$ 2,988,768	\$ 2,268,418
Total Liabilities	177,124	82,601	169,132	113,489	120,848
Total Fund Balances	7,372,975	10,038,119	9,015,301	2,875,279	2,147,570
Total Revenues	2,242,987	3,381,261	3,364,949	1,375,877	1,451,280
Total Expenditures	3,503,549	3,089,616	1,976,741	1,235,020	1,690,962
Total Other Financing Sources/Uses	(1,404,582)	731,173	4,751,814	586,852	235,000

